

Message Text

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43

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-20 NSC-10 L-03

H-03 PA-04 PRS-01 USIA-15 DRC-01 /130 W

----- 081906

R 011507Z MAR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0773

INFO AMEMBASSY BRASILIA

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL RIO DE JANEIRO

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E. O. 11652: N/A

TAGS: ETRN, FR, BR, GW

SUBJECT: CIVAIR - AIRBUS SALE TO TRANS-BRAZIL

REF: (A) STATE 18841, (B) RIO DE JANEIRO 390

1. IN A CONVERSATION WITH EMBOFF, FRG ECON MIN OFFICIAL SCHOMERUS SAID COMPLETION OF THE SUBJECT TRANSACTION IS PRESENTLY AWAITING FINAL GOB APPROVAL WHICH HE BELIEVED WOULD NOT BE FORTHCOMING UNTIL THE NEW BRAZILIAN GOVERNMENT WAS SWORN IN TOWARD THE MIDDLE OF MARCH. HE SAID NEGOTIATIONS WITH TRANS-BRAZIL HAD BEEN VERY PROMISING AND THE ECON MINISTRY WAS REASONABLY OPTIMISTIC THAT THE SALE WOULD BE CONSUMATED.

2. SCHOMERUS, WHO PARTICIPATED IN BRAZILIAN DEMONSTRATION FLIGHTS, THOUGHT THE AIRBUS WOULD BE USED ON SERVICES FROM BRAZILIA TO THE NORTHEAST COAST AS WELL AS BETWEEN THE CAPITAL AND IMPORTANT POPULATION CENTERS TO THE SOUTH SUCH AS SAO PAULO AND RIO. HE RECALLED THAT

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ONE OF THE AIRCRAFT'S PRINCIPAL ATTRACTIONS TO THE

BRAZILIANS WAS ITS UNUSUALLY LARGE CARGO CARRYING CAPABILITY (THE AIRBUS CAN ACCOMMODATE B-747 CONTAINERS) COUPLED WITH ITS PASSENGER CAPACITY AND ITS ECONOMY OF OPERATION OVER SHORT AND INTERMEDIATE ROUTES. THEY BELIEVED THAT THESE CHARACTERISTICS MADE THE AIRBUS PARTICULARLY WELL SUITED FOR TRANS-BRAZIL'S ROUTE PATTERN.

3. SCHOMERUS DID NOT VOLUNTEER ANY DETAILS REGARDING THE TERMS OF SALE OFFERED TO TRANS-BRAZIL BUT DID POINT OUT THAT AIRBUS MARKETING ACTIVITIES WERE THE RESPONSIBILITY OF AIRBUS INDUSTRIE, TOULOUSE. SPEAKING GENERALLY, HOWEVER, HE RECALLED THAT AS OF JANUARY 1, 1974 THE FRG HAD BUDGETARY AUTHORITY TO PROVIDE SUFFICIENT INTEREST AND EXCHANGE RATE SUBSIDIES TO AIRBUS INDUSTRIE (GERMANY) TO ENABLE THE COMPANY TO AT LEAST EQUAL EXIM BANK TERMS ON THE GERMAN MADE COMPONENT OF THE AIRCRAFT.

4. THE EMBASSY HAS FOLLOWED THE LOCAL TRADE PRESS CAREFULLY IN THE PAST SEVERAL WEEKS BUT HAS FOUND NO REFERENCE TO THIS TRANSACTION. WE WILL REPORT FURTHER IF ADDITIONAL INFORMATION COMES TO LIGHT.
HILLENBRAND

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